



Market and Trade Data

Port of Xiamen, China: Gateway for U.S. Products

By Vivian Xian

Large shipments of U.S. soybeans, fishmeal, timber, and lumber bound for China have long passed through the port facilities of Xiamen, directly across the Taiwan Strait from the island of Taiwan. An estimated \$95.7 million worth of U.S. food, agricultural, fish and forestry products passed through customs at the port in calendar 2006.

Last October, the Port Authority upped capacity to eight ports, modern facilities that can handle 20 million TEUs (20-foot container equivalent units) per year. In 2005, imports and exports traversing Xiamen came to \$28.5 billion.



Sunkist lemons in a Xiamen supermarket

Photos courtesy of FAS Agricultural Trade Office, Guangzhou, China

The people of Xiamen enjoy a high standard of living within China based on a gross domestic product of \$13.2 billion and a per capita income of \$2,103. This affluence results in one-third of the city's 2.3 million residents buying imported food products. Besides domestic consumers, official statistics recorded 17 million tourist and business visitors to the city in 2005 who added to the demand for food and beverage imports.

Consumer-Oriented Product List Growing

The Xiamen retail food sector is highly competitive and booming. Sales reached \$4.1 billion in 2006, a 16-percent increase from the year before, and 10-percent annual growth rates are expected in coming years. Attracted by ample parking, clean facilities, and well-supplied shelves, consumers who once patronized wet markets (traditional street markets) are shopping at large retail markets for fresh vegetables, fruits, and meats. They are also purchasing more convenience and high-value items.

More affluent consumers will pay a 10-to-20-percent premium to try imports. But retailers currently offer only a limited amount of imported foods — such as Sunkist lemons, Red Delicious and Granny Smith apples, Thai rice, and Italian olive oil — stocking mostly competitively priced products for their cost-conscious customers.

U.S. Products Available and With Good Potential in the Xiamen Market		
Sector	U.S. Products Available	U.S. Products With Good Potential
Retail	Red Delicious apples, Gala apples, Granny Smith apples, Sunkist oranges, hot chocolate drinks, almonds, cashew nuts, soft drinks, canned soups and vegetables, seasonings, cookies, cereals, raisins, microwave popcorn, cake mixes, tortilla chips, syrups	Coffee, other fresh fruits, infant foods, health foods, red wines, liquor
Hotel, Restaurant, Institutional	Sauces, seasonings, frozen potato products, cheeses, pork, sweet corn, fruits	Cheeses, red wines, high-value seafood products, beef, almonds, olive oil, grapefruit
Processing	Whey powder, food additives, hides, skins, soybeans, fishmeal, gelatin	Almonds, soybeans

International retailers — Wal-Mart, Carrefour, Trust-Mart, and Metro — plus local New Hudau and Minkelong operate hypermarkets in Xiamen. Several convenience and community store chains also operate within the city.

Promotions Foster Retail Sales

U.S. exporters can increase consumer awareness and enhance competitiveness of their products through promotions and education. Promotional discounts and free tastings top the best ways to spur sales. Other popular inducements include tying purchases with souvenirs or value coupons, and using holiday themes, Chinese symbols, or prepaid shopping cards for gift giving.

Since proper education about products is important, U.S. exporters should work with local partners to register Chinese labels for their products. Of course, consistent supply and stable price also affect retailers' long-term purchasing decisions.

Hotel, Restaurant Segments Expanding

Local consumers with higher incomes and tourists are driving the expansion of the restaurant industry. Sales in the city's restaurants were up almost 13 percent in 2006, to \$530 million. Upscale hotels appeal to customers with their fine cuisines. Consistent quality, again, is extremely important for hotels that source most of their ingredients

from Guangzhou, Shenzhen, and Hong Kong.

While local produce is preferred because of cost and quality, hotels do use imported products like olive oil, cheeses and tomato and beef products. Other products of interest include high-value seafood (Alaska King Crab, New England lobster), citrus, and ingredients such as seasonings. Mid-to-premium wine consumption is on the rise. With promotion, U.S. wines could compete with Italian and Australian varieties now found in Xiamen markets. Western fast-food outlets import cheese and tomato products, frozen fries, and corn-on-the cob from the United States. Because of proximity and quality of products, New Zealand is the top supplier of dairy products to this area.

To compete with established restaurant suppliers, U.S. exporters should differentiate products and emphasize service in establishing long-term relationships with distributors.

Processing Industries Buy U.S. Ingredients

The food processing industry in Xiamen had sales near \$389 million in 2006, a 29-percent increase. Regardless of the product imported, food processors look for a good price and a consistent supply. U.S. ingredients, such as whey powder and food additives, are often purchased by processors.

Other U.S.-origin agricultural products have also found niches due to the following circumstances:

The feed industry consumes a lot of fishmeal.

Local processors crush imported soybeans for oil, while the meal makes up a main protein source for feed.

Most imported timber is used for office furniture and kitchen cabinet manufacturing, then re-exported. However, local demand for high-quality wood products is growing steadily.

While the surrounding area has supported a large leather manufacturing industry, U.S. exports of raw skins are expected to decline in a few years due to the government



Red Delicious apples, popular during Chinese New Year because red connotes good luck, peace, and health, on sale in Xiamen

limiting development of new tanneries and eventually suspending all production due to environmental concerns. ■

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